

TOBACCO SETTLEMENT PROGRAM

Penn State Hershey Rehabilitation Hospital Tobacco Settlement Payment Data Review Year 2019

November 2018



Commonwealth of Pennsylvania
Department of the Auditor General

Eugene A. DePasquale • Auditor General



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, PA 17120-0018
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**EUGENE A. DePASQUALE
AUDITOR GENERAL**

November 1, 2018

Mr. Scott Guevin
Chief Executive Officer
Penn State Hershey Rehabilitation Hospital
1135 Old West Chocolate Avenue
Hummelstown, PA 17036

Re: Penn State Hershey Rehabilitation Hospital

Dear Mr. Guevin:

The Tobacco Settlement Act of June 26, 2001 (P.L. 755, No. 77), as amended, 35 P.S. § 5701.101 et seq., mandated the Department of Human Services (DHS) to make payments to hospitals for a portion of uncompensated care services provided by these facilities. Hospitals that qualify can receive payments using either an uncompensated care approach or an extraordinary expense approach. The uncompensated care score of each hospital is determined by using three-year averages from five main data elements (for a total of fifteen data elements). These data elements are uncompensated care costs, net patient revenues, Medicare supplemental security income (Medicare SSI) days, Medical Assistance (MA) days and total inpatient days. A hospital qualifies for an extraordinary expense payment based on their number of qualified claims. Qualified claims are those claims in which the cost of the claim exceeds twice the average cost of all claims for that particular facility and for which the hospital provided inpatient services to an uninsured patient.

At the request of the DHS, the Department of the Auditor General performed a review¹ of Penn State Hershey Rehabilitation Hospital's records to substantiate the claims data and days data it submitted to the Pennsylvania Health Care Cost Containment Council (PHC4) and the DHS, respectively.

The purpose of our review was to determine whether this facility could substantiate its fiscal year ended June 30, 2017 reported claims and verify whether corresponding patients were uninsured and the facility received no compensation from third party payers such as Medicare, Medicaid, or Blue Cross. Payments made by the patients themselves toward their financial

¹ This review was not required to be and was not conducted in accordance with professional auditing or attestation standards.

obligations may have reduced the allowable costs of the respective claim when determining eligibility. We also determined whether this facility could substantiate total MA days as reported on its submitted MA-336 cost reports for the fiscal years ended June 30, 2015 and June 30, 2016.

The results of our review are as follows:

For Reported Claims:

Based on the PHC4 claims database for the fiscal year ended June 30, 2017, the facility reported one potentially eligible extraordinary expense claim for review. The results of our review disclosed that this extraordinary expense claim did not meet the criteria to qualify as an extraordinary expense claim. The chart below details our results and explains any adjustments that should be made to the PHC4 Database. Since the facility did not report any claims that would qualify as an extraordinary expense claim, this facility may not be eligible for payment under the extraordinary expense method for the 2019 Tobacco Settlement Payment Year because, as detailed below, no additional claims were submitted and deemed eligible.

Claim No.	Originally Reported Total Charges	Substantiated Total Charges Based on Account Notes	Patient Payments Applied to Account	Qualify (Y/N) – Reason for Not Qualifying	Adjustment(s) Needed
1	\$86,416.31	\$0	\$0	N – Paid by insurance	Claim should be removed from self-pay listing

For MA Days:

For the total MA days for fiscal years ended June 30, 2015 and 2016, our results are as follows:

For FYE 6/30/15	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	765	765	N/A
HMO Days	1,345	1,345	N/A
OOS Days	0	0	N/A

For FYE 6/30/16	Originally Submitted Number of Days	Substantiated Number Based on Source Documents	Explanation of Difference
FFS Days	359	359	N/A
HMO Days	1,663	1,198	Change in payer type
OOS Days	0	0	N/A

The DHS will use all substantiated reported claims (including additional claims) and number of days to calculate each hospital's eligibility to receive, and if deemed eligible, its subsidy entitlement under both the extraordinary expense and uncompensated care methods. If eligible under both methods, the DHS will allow each respective facility to choose the method to be used to calculate the facility's 2019 Tobacco Settlement subsidy entitlement payment. The DHS establishes the date that these payments will be distributed to all eligible hospitals.

We instructed all hospitals that they may submit for our review, by October 31, 2018, any claims coded as having Medicare, Medicaid, or any other insurance when submitted to the PHC4 for the fiscal year ended June 30, 2017, which the facility believes qualify as self-pay claims, and which have total charges above the respective hospitals' costs thresholds; we refer to these types of claims as "additional claims." The results of our review of each facility's submitted additional claims data will be detailed in individualized reports sent to each respective hospital that submitted additional claims. However, as of October 31, 2018, Penn State Hershey Rehabilitation Hospital had not submitted any additional claims for our review and, therefore, is not eligible for payment under the extraordinary method for the 2019 Tobacco Settlement Year.

Our office is currently reviewing all facilities that are potentially eligible for a 2019 Tobacco Settlement subsidy entitlement payment. After all reviews are completed, we will prepare for the DHS' use a report detailing the results of all of our reviews. The DHS will contact you with instructions regarding entering adjustments to your facility's originally submitted MA days data based on the results of our review.

We thank the staff of Penn State Hershey Rehabilitation Hospital for the cooperation extended to us during the course of our review. If you have any questions, please feel free to contact Tracie Fountain, CPA, Director, Bureau of Children and Youth Services Audits at 717-787-1159.

Sincerely,

A handwritten signature in black ink, appearing to read "Eugene A. DePasquale". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Eugene A. DePasquale
Auditor General

**PENN STATE HERSHEY REHABILITATION HOSPITAL
REPORT DISTRIBUTION
2019 TOBACCO SETTLEMENT PAYMENT DATA**

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